

REFERENCE TITLE: dog racing; simulcast wagering; prohibition

State of Arizona
Senate
Fifty-sixth Legislature
Second Regular Session
2024

SB 1260

Introduced by
Senator Kavanagh

AN ACT

AMENDING SECTIONS 5-101, 5-107, 5-108.01 AND 5-109.01, ARIZONA REVISED STATUTES; REPEALING SECTION 5-110, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2021, CHAPTER 405, SECTION 1; AMENDING SECTION 5-110, ARIZONA REVISED STATUTES, AS AMENDED BY LAWS 2016, CHAPTER 246, SECTION 2; AMENDING SECTIONS 5-111.01, 5-112, 5-113, 5-115, 5-116, 43-405 AND 46-297, ARIZONA REVISED STATUTES; RELATING TO DOG RACING.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 5-101, Arizona Revised Statutes, is amended to
3 read:

4 5-101. Definitions

5 In this article, unless the context otherwise requires:

6 1. "Additional wagering facility" means a facility that is not the
7 enclosure in which authorized racing takes place but that meets the
8 requirements of section 5-111, subsection A and is used by a permittee for
9 handling pari-mutuel wagering.

10 2. "Advance deposit wagering" means a form of pari-mutuel wagering
11 that allows a person to deposit monies in advance in an account with an
12 advance deposit provider and use the monies to pay for pari-mutuel
13 wagering on live or simulcast racing that the advance deposit pari-mutuel
14 wagering permittee accepts or makes.

15 3. "Advance deposit wagering provider" means a betting system or
16 multijurisdictional wagering provider that is authorized to conduct
17 advance deposit wagering pursuant to this article.

18 4. "Applicant" means a person, partnership, association or
19 corporation placing before the department an application for a permit or
20 license.

21 5. "Association" means a body of persons, corporations,
22 partnerships or associations, united and acting together without a charter
23 from the state for the prosecution of some common enterprise.

24 6. "Commercial horse racing" means horse racing conducted other
25 than by a county fair association.

26 7. "Commission" means the Arizona racing commission.

27 8. "Concessionaire" means a person, partnership, association or
28 corporation that offers goods or services for sale to the public, a
29 permittee or a licensee at an enclosure in which authorized racing takes
30 place or an additional wagering facility.

31 9. "County fair facility" means any place, enclosure or track
32 constructed in accordance with a permit issued by the commission for the
33 purpose of running county fair horse racing dates as well as any
34 commercial dates for horse racing that may be awarded by the commission in
35 reference to the location.

36 10. "County fair racing association" means an association duly
37 authorized by the board of supervisors to conduct a county fair racing
38 meeting for the benefit of the county.

39 11. "Dark day simulcast" means a simulcast received on a day when
40 there are no posted races conducted at the enclosure in which authorized
41 racing takes place.

42 12. "Department" means the department of gaming.

43 13. "Desensitized" means that a horse's legs on arrival at the
44 receiving barn or saddling paddock do not respond appropriately to tests
45 for feeling administered by an official veterinarian.

1 14. "Director" means the director of the department of gaming.

2 15. "Dog racing" means racing in which greyhound dogs chase a
3 mechanical lure.

4 16. "Entered" means that a horse ~~or dog~~ has been registered with an
5 authorized racing official as a participant in a specified race and has
6 not been withdrawn ~~prior to~~ BEFORE presentation of the horse ~~or dog~~ for
7 inspection and testing as provided in section 5-105.

8 17. "Financial interest" means any direct pecuniary interest.

9 18. "Firm" means a business unit or enterprise that transacts
10 business.

11 19. "Handle" means the total amount of money contributed to all
12 pari-mutuel pools by bettors.

13 20. "Harness racing" means horse racing in which the horses are
14 harnessed to a sulky, carriage or similar vehicle and driven by a driver.

15 21. "Horse racing" means racing in which horses are mounted and
16 ridden by jockeys. For purposes of county fair racing meetings, "horse
17 racing" means racing in which horses or mules are mounted and ridden by
18 jockeys.

19 22. "License" means the license issued by the department to each
20 employee or other person participating in any capacity in a racing
21 meeting, including officials and employees of the pari-mutuel department.

22 23. "Pari-mutuel wagering" means a system of betting that provides
23 for the distribution among the winning patrons of at least the total
24 amount wagered ~~less~~ MINUS the amount withheld under state law.

25 24. "Permit" means a permit for a racing meeting issued under this
26 article.

27 25. "Racing meeting" means a number of days of racing allotted by
28 the commission in one permit.

29 26. "Simulcast" means the telecast shown within this state of live
30 audio and visual signals of horse, ~~OR~~ OR harness ~~or dog~~ races conducted at
31 an out-of-state track or the telecast shown outside this state of live
32 audio and visual signals of horse or harness races originating within this
33 state for the purpose of pari-mutuel wagering.

34 27. "Source market fee" means the fee that an advance deposit
35 wagering provider pays to a commercial permittee in the state where the
36 advance deposit wagering customer resides.

37 28. "Telephone" means any device that a person uses for voice
38 communications in connection with the services of a telephone company.

39 29. "Unauthorized racing meeting" means any racing meeting
40 conducted outside the bounds of a permit.

41 30. "Undesirable" includes known bookmakers, touts, persons
42 convicted of a violation of this article or of any law prohibiting
43 bookmaking or any other illegal forms of wagering, or any other person
44 whose presence would, in the opinion of the director, be inimical to the
45 interests of the state.

31. "Week" means seven consecutive days beginning on Monday and ending on Sunday, mountain standard time.

Sec. 2. Section 5-107, Arizona Revised Statutes, is amended to read:

5-107. Nature of racing meeting permits; application for permit; cash deposit; return; bond; conditions and priorities for satisfaction of bond

A. Permits to conduct racing meetings are deemed to be personal in nature, are nontransferable and shall terminate on a substantial change of ownership of the permittee. The sale or transfer of twenty-five percent or more of the equity of a permittee shall be considered a substantial change of ownership. ~~Nothing in~~ This subsection ~~shall be construed so as to~~ DOES NOT cause the termination of a permit on the death of the permittee, or if a corporation, the death of a shareholder thereof, during the period for which such permit was granted.

B. Every applicant making application for a permit to hold a racing meeting shall file an application with the commission. The commission shall ~~promulgate~~ ADOPT rules and regulations regarding application procedures. The application shall include:

1. The full name and address of the applicant, and if a corporation, the name of the state under which it is incorporated. If such applicant is an association or corporation, the residence addresses of the members of the association and the names of all directors of the corporation shall be included, and the stock certificate records of such applicant shall be made available to the department on request of the director. The department shall be notified within ten days ~~of~~ AFTER the election of any new officer or director of a permittee, and the identity of every person who acquires ten percent or more of a permittee's equity or interest. Each new officer, director or substantial owner shall furnish all information requested by the department to facilitate approval of ~~his~~ THE OFFICER'S, DIRECTOR'S OR SUBSTANTIAL OWNER'S participation in racing in this state.

2. The exact location where it is desired to conduct or hold a racing meeting.

3. A statement as to whether or not the racing plant is owned or leased, and if leased, the name and residence of the fee owner, or if a corporation, the names and addresses of the directors of the corporation.

4. A complete financial statement and balance sheet of the person, corporation or other business entity making such application, completed and certified by a certified public accountant. ~~In the case of applications for renewal of dog racing meeting permits that were in existence before May 5, 1972, such financial statement and balance sheet shall be on a calendar year basis. In the case of applications for renewal of horse or harness racing meeting permits that were in existence before May 5, 1972, such financial statement and balance sheet shall be on~~

~~a fiscal year basis.~~ In the case of all new permit applications made from and after May 5, 1972, and renewal applications of such permits, such financial statement and balance sheet shall be on either a calendar year or fiscal year basis, at the discretion of the department. In addition, the application shall identify any guarantors or any indebtedness of the applicant, and the department shall be provided, on request, with a statement from a certified public accountant certifying that the net worth of any guarantor or guarantors is at least equal to the amount of the unpaid indebtedness so guaranteed. Applications for racing meetings operated by county fair racing associations are exempt from this paragraph.

5. A complete list of all management and concession contracts in effect at the time of the application, copies of which shall be furnished to the department on request. If the applicant is granted a permit, ~~he~~ **THE APPLICANT** shall further be required, on the request of the department, to submit a complete list of all subsequent management and concession contracts, and copies of such contracts shall be submitted to the department on request.

6. Such other relevant and material information pertaining to the application as the department may require.

C. Not less than ten days before the commencement of a commercial racing meeting, the permittee shall submit to the department a cash deposit in such amount, but not ~~to exceed five thousand dollars~~ **MORE THAN \$5,000**, as the director deems necessary to insure payment of fees and the amount due the state as the percentage of pari-mutuel receipts payable to the state as prescribed by law. On termination of the racing meeting, the deposit shall be returned to the applicant, ~~less~~ **MINUS** any fees or pari-mutuel receipts remaining unpaid.

D. In addition to the cash deposit and before the issuance of a racing meeting permit, the applicant shall deposit with the department a bond payable to ~~the~~ **THIS** state for the benefit of ~~the~~ **THIS** state and any person covered by this section, in such amount, but not ~~to exceed three hundred thousand dollars~~ **MORE THAN \$300,000** in the case of horse or harness racing meeting permittees, as the director deems necessary, with a surety or sureties to be approved by the department and the attorney general and conditioned in accordance with the following order of priorities:

1. That the permittee shall first faithfully pay to ~~the~~ **THIS** state the percentage of the pari-mutuel receipts, as applicable, prescribed by law and all taxes due to ~~the~~ **THIS** state.

2. That thereafter the permittee shall pay to the owner thereof all ~~funds~~ **MONIES** held by the permittee for the account of such owner, including purses won, if such owner is or has been licensed by the department.

3. That thereafter the permittee shall pay all salaries and wages due to the employees of such permittee in connection with the conduct of the racing meeting.

4. That thereafter the permittee shall pay all amounts due to the breeder of any horse for a breeder's award.

E. Any person, including ~~the~~ THIS state, claiming against the bond may maintain an action at law against the permittee and the surety or sureties, and the surety or sureties may be sued on the bond in successive actions until the penal sum thereof is exhausted. If it appears that there is more than one claim on such bond or if it appears that ~~the~~ THIS state may have an interest therein, ~~the~~ THIS state or any other claimant may move the court in which such actions are filed to intervene or to consolidate such actions to determine the priority order of claims in accordance with subsection D of this section. No suit may be commenced on the bond after the expiration of one year following the day of the closing of the racing meeting during which any act or failure to act giving rise to a claim against the bond shall arise.

F. The bond prescribed by this section shall be effective for the period of the racing permit granted by the commission, and the liability of the surety for all claims shall be limited to the face amount of the bond. If the surety desires to make payment without awaiting court action, the amount of any bond filed in compliance with this chapter shall be reduced to the extent of any payments made by such surety in good faith thereunder. Any such payment shall be based first on the priority of claim order as established by subsection D of this section and thereafter on the priority of the date the written claims are received by the surety before court action.

Sec. 3. Section 5-108.01, Arizona Revised Statutes, is amended to read:

5-108.01. Hearing on application for or renewal of original permit; notice of hearing; decisions of commission and director; appeal; transfer of permit

A. The commission shall hold a public hearing on an original application for a racing permit or renewal of a current racing permit under this article. At least fifteen days' notice shall be given to all permittees holding a permit, and they may appear and be heard as parties in interest ~~upon~~ ON the hearing of an application.

B. The commission may provide by rule for rehearings of any final decision of the department in accordance with section 5-104, subsection D. Except as provided in section 41-1092.08, subsection H, the parties to the proceeding before the commission or department may commence an action in the superior court in Maricopa county after a decision of the commission or director has become final to review the decision pursuant to title 12, chapter 7, article 6. Pending determination of the appeal, the decision

1 and order shall remain in full force and effect, and may not be
2 superseded.

3 C. The commission shall not approve an original permit to conduct a
4 horse racing, ~~OR~~ harness racing ~~or dog racing~~ meeting at any place,
5 enclosure or track not used for racing purposes pursuant to permits
6 actually issued as authorized by law ~~prior to~~ BEFORE February 1, 1971,
7 unless before the beginning of construction or preparation of the place,
8 enclosure or track the commission determines that each of the following
9 applies:

10 1. The conducting of horse, ~~OR~~ harness ~~or dog~~ racing meetings at
11 such place will serve the public interest, convenience or necessity.

12 2. The plan of racing is economically feasible.

13 3. The issuance of a permit is in the best interest of racing and
14 this state generally.

15 D. No place, enclosure or track used for horse, harness or dog
16 racing on or before February 1, 1971 may be used for any other type of
17 animal racing, except that in counties with a population of less than
18 seven hundred thousand persons as shown by the last United States census,
19 a place, enclosure or track used for one type of animal racing may be used
20 for any other type of animal racing. In considering an application for a
21 permit under this section, the commission shall give consideration to the
22 number and location of existing tracks, the number of permits already
23 granted and the economic effect the granting of a new permit may have on
24 existing tracks and permittees and the revenues of this state.

25 E. If the owner or lessee of any place, enclosure or track used for
26 racing purposes pursuant to permits issued as authorized by law on or
27 before February 1, 1971 is obligated for any reason to abandon the use of
28 the place, enclosure or track, the owner or lessee may transfer the use
29 and rights to use the premises for racing purposes to any other location
30 in the same county.

31 Sec. 4. Section 5-109.01, Arizona Revised Statutes, is amended to
32 read:

33 5-109.01. Requirements of permittee regarding Arizona bred
34 horses; powers of commission

35 A. A permittee, in addition to all other requirements, shall:

36 1. Admit to qualifying any horse that is foaled in this state ~~or~~
37 ~~any dog that is whelped at a facility licensed by the department~~ and that
38 is:

39 (a) Of suitable racing age.

40 (b) Physically qualified and registered pursuant to department
41 requirements.

42 (c) Owned by a resident of this state, ~~who~~ who has been engaged for at
43 least two consecutive years, ~~in this state,~~ in the business of breeding,
44 racing, raising or training horses for racing purposes.

1 2. Adopt no rule that discriminates in any way against a resident
2 of this state who is engaged in this state in the business of breeding,
3 racing, raising or training horses for racing purposes.

4 B. Failure of a permittee to comply with subsection A of this
5 section constitutes grounds for revocation of or refusal to renew any
6 permit.

7 C. The commission may adopt rules to further the purposes of this
8 section.

9 Sec. 5. Repeal

10 Section 5-110, Arizona Revised Statutes, as amended by Laws 2021,
11 chapter 405, section 1, is repealed.

12 Sec. 6. Section 5-110, Arizona Revised Statutes, as amended by Laws
13 2016, chapter 246, section 2, is amended to read:

14 5-110. Racing days, times and allocations: emergency
15 transfer; county fairs; charity days

16 A. Permits for horse or harness racing meetings shall be approved
17 and issued for substantially the same dates allotted to permittees for the
18 same type of racing during the preceding year or for other dates that
19 permittees request, provided that, in the event there is a conflict in
20 dates requested between two or more permittees in the same county for the
21 same kind of racing, the permittee whose application is for substantially
22 the same dates as were allotted to the permittee in the preceding year
23 shall be entitled to have preference over other permittees. In the event
24 two or more permittees have agreed that the dates to be allotted to each
25 of them each year shall be alternated from one year to the next, the
26 commission shall recognize their agreement and those permittees may be
27 accorded preference over any other permittee as to those dates to be
28 allotted to those permittees on an alternating basis. Except as otherwise
29 provided, the commission shall allot dates to the respective permittees
30 after giving due consideration to all of the factors involved and the
31 interests of permittees, the public and this state.

32 B. The commission may require by the terms of any permit that the
33 permittee offer such number of races during any racing meeting as the
34 commission shall determine, provided that the permittee shall be permitted
35 to offer at least the same number of races each day as offered in the
36 prior year. The commission shall require each horse racing permittee to
37 conduct for a period of thirty days a number of races equal to an average
38 of at least two races for each day of racing exclusively for quarter
39 horses. If, in the opinion of the commission, the permittee is offering
40 acceptable quarter horse races but an honest effort is not being put forth
41 to fill these races by the horsemen, the commission may rescind the two
42 race per day quarter horse requirement.

43 C. Live racing and wagering on simulcast races shall be permissible
44 in either daytime or nighttime. ~~Unless otherwise agreed by written~~
45 ~~contract that is submitted to the department between all the permittees in~~

~~the same county, there shall be no wagering on simulcast dog races before 4:15 p.m., mountain standard time, on the same day that there is live daytime horse or harness racing in any county in which commercial horse or harness racing has been conducted before February 1, 1971.~~ The hours during which any other harness or horse racing is to be conducted shall be determined by the commission. The application for a permit shall state the exact days on which racing will be held and the time of day during which racing will be conducted.

D. If the commission determines that an emergency has obligated or may obligate a permittee to discontinue racing at a location, the commission may authorize the permittee to transfer racing for the number of days lost to any other location.

E. A racing meeting, when operated by a county fair racing association or under lease during the county fair to any individual, corporation or association, shall not come under the limitation placed on days of racing in this section.

F. The department shall be the judge of whether a county fair racing meeting is being operated pursuant to this section. A county fair racing meeting conducted by an individual, corporation or association, other than the properly authorized county fair racing association, shall come under the general provisions of this article the same as a commercial meeting. Notwithstanding this subsection, a county fair racing meeting, whether conducted by a county fair racing association or by an individual, corporation or association other than a county fair racing association, is exempt from the requirement prescribed in section 5-111 to pay to the state a percentage of the pari-mutuel pool collected at the meeting.

G. The commission may allow a permittee, in addition to the days specified in this permit, to operate up to three racing days during any one meeting as charity days. From the amount deducted from the total handled in the pari-mutuel pool on charity days, the permittee shall deduct an amount equal to the purses and the cost of conducting racing on these days, and shall donate the balance to nonprofit organizations and corporations that benefit the general public, that are engaged in charitable, benevolent and other like work and that are selected by the permittee and approved by the department. ~~in no event shall~~ The amount given to charity from charity racing days MAY NOT be less than the amount that otherwise would have gone to this state as ~~the~~ THIS state's share on a noncharity racing day.

H. Notwithstanding any other law, live dog racing shall not be conducted in this state after December 31, 2016. NOTWITHSTANDING ANY OTHER LAW, SIMULCAST DOG RACING SHALL NOT BE CONDUCTED IN THIS STATE ON OR AFTER DECEMBER 31, 2028. This subsection does not apply to nonprofit organizations that host lure coursing or similar events that test a dog's ability, stamina and breeding or training for such events. Notwithstanding any other provision of this article, any dog racing

1 permittee that offered live dog racing in 2016 or that has offered live
 2 dog racing in eight out of ten calendar years from 1980 to 1990 in
 3 counties that have a population of less than five hundred thousand persons
 4 shall be considered as operating a racetrack enclosure for all purposes
 5 under this article and shall not be authorized or required to conduct live
 6 racing as a condition of that permittee's racing permit. ~~Any permittee~~
 7 ~~qualified under this subsection may conduct advance deposit wagering,~~
 8 ~~wagering at additional wagering facilities that are owned or leased by~~
 9 ~~that permittee and wagering on telecasts of races conducted at racetrack~~
 10 ~~enclosures within this state or at racetrack enclosures outside this state~~
 11 ~~without offering live racing at that permittee's racetrack enclosure.~~

12 Sec. 7. Section 5-111.01, Arizona Revised Statutes, is amended to
 13 read:

14 5-111.01. Breakage; definition; tax; disposition

15 A. FOR the term PURPOSES OF THIS SECTION, "breakage" means the odd
 16 cents by which the amount payable on each dollar wagered in a pari-mutuel
 17 pool exceeds a multiple of ~~ten cents~~ \$.10, except that in the case of
 18 minus pools breakage means the odd cents by which the amount payable
 19 exceeds a multiple of ~~five cents~~ \$.05. A person licensed under this
 20 chapter to conduct a racing meeting shall deduct the breakage from the
 21 pari-mutuel pool and such amounts shall be distributed as provided by law.

22 B. The breakage deducted by a horse racing or harness racing
 23 permittee shall be distributed as follows:

- 24 1. Fifty ~~per cent~~ PERCENT shall be retained by the permittee.
- 25 2. Twenty-five ~~per cent~~ PERCENT shall be retained by the permittee
- 26 and used to supplement the general purse structure.
- 27 3. Twenty-five ~~per cent~~ PERCENT shall be retained by the permittee
- 28 to supplement purses in races in which Arizona bred horses are winners.

29 ~~C. The breakage deducted by a dog racing permittee shall be~~
 30 ~~retained by the dog racing permittee.~~

31 Sec. 8. Section 5-112, Arizona Revised Statutes, is amended to
 32 read:

33 5-112. Wagering legalized; simulcasting of races;
 34 unauthorized wagering prohibited; violation;
 35 classification; report; anticompetitive or deceptive
 36 practices prohibited

37 A. Except as provided in subsection J of this section, section
 38 5-101.01, subsection F and title 13, chapter 33, any person within the
 39 enclosure of a racing meeting held pursuant to this article may wager on
 40 the results of a race held at the meeting or televised to the racetrack
 41 enclosure by simulcasting pursuant to this section by contributing money
 42 to a pari-mutuel pool operated by the permittee as provided by this
 43 article.

44 B. The department, on request by a permittee, may grant permission
 45 for electronically televised simulcasts of horse, ~~OR~~ OR harness ~~or dog~~ races

1 to be received by the permittee. In counties with a population of one
2 million five hundred thousand persons or more, the simulcasts shall be
3 received at the racetrack enclosure where a horse or harness racing
4 meeting is being conducted, provided that the simulcast may only be
5 received during, immediately before or immediately after a minimum of nine
6 posted races for that racing day. In counties with a population of five
7 hundred thousand persons or more but less than one million five hundred
8 thousand persons, the simulcasts shall be received at the racetrack
9 enclosure where a horse or harness racing meeting is being conducted,
10 provided that the simulcast may only be received during, immediately
11 before or immediately after a minimum of four posted races for that racing
12 day. In all other counties, the simulcasts shall be received at a
13 racetrack enclosure at which authorized racing has been conducted, whether
14 or not posted races have been offered for the day the simulcast is
15 received. The simulcasts are limited to horse, ~~OR~~ OR harness ~~or dog~~ races.
16 The simulcasts are limited to the same type of racing as authorized in the
17 permit for live racing conducted by the permittee. The department, on
18 request by a permittee, may grant permission for the permittee to transmit
19 the live race from the racetrack enclosure where a horse or harness racing
20 meeting is being conducted to a facility or facilities in another state.
21 All simulcasts of horse or harness races shall comply with the interstate
22 horseracing act of 1978 (P.L. 95-515; 92 Stat. 1811; 15 United States Code
23 chapter 57). All forms of pari-mutuel wagering are allowed on horse, ~~OR~~ OR
24 harness ~~or dog~~ races, whether or not televised by simulcasting. All
25 monies wagered by patrons on these horse, ~~OR~~ OR harness ~~or dog~~ races shall
26 be computed in the amount of money wagered each racing day for the
27 purposes of section 5-111.

28 C. Notwithstanding subsection B of this section, in counties with a
29 population of one million five hundred thousand persons or more,
30 simulcasts may be received at the racetrack enclosure, and the permittee
31 may offer pari-mutuel wagering on the simulcast racing at any additional
32 wagering facility used by a permittee for handling wagering as provided in
33 section 5-111, subsection A during a permittee's racing meeting as
34 approved by the commission, whether or not the simulcasts are televised to
35 the additional wagering facilities and whether or not posted races have
36 been conducted on the day the simulcast is received, if the permittee's
37 racing permit requires the permittee to conduct a minimum of one hundred
38 fifty-six days of live racing with an average of nine posted races on an
39 average of five racing days each week at the permittee's racetrack
40 enclosure during the period beginning on October 1 and ending on the first
41 full week in May, unless otherwise agreed in writing by the permittee and
42 the recognized horsemen's organization that represents the horsemen
43 participating in the race meet at the racetrack enclosure, subject to
44 approval by the department.

1 D. Notwithstanding subsection B of this section, in counties with a
2 population of seven hundred thousand persons or more but less than one
3 million five hundred thousand persons, simulcasts may be received at the
4 racetrack enclosure, and the permittee may offer pari-mutuel wagering on
5 the simulcast racing at any additional wagering facility used by a
6 permittee for handling wagering as provided in section 5-111, subsection A
7 during a permittee's racing meeting as approved by the commission, whether
8 or not the simulcasts are televised to the additional wagering facilities
9 and whether or not posted races have been conducted on the day the
10 simulcast is received. The permittee may conduct wagering on dark day
11 simulcasts for twenty days, provided the permittee conducts a minimum of
12 seven posted races on each of the racing days mandated in the permittee's
13 commercial racing permit. In order to conduct wagering on dark day
14 simulcasts for more than twenty days, the permittee is required to conduct
15 a minimum of seven posted races on one hundred forty racing days at the
16 permittee's racetrack enclosure, unless otherwise agreed in writing by the
17 permittee and the recognized horsemen's organization that represents the
18 horsemen participating in the race meet at the racetrack enclosure,
19 subject to approval by the department.

20 E. In an emergency and on a showing of good cause by a permittee,
21 the commission may grant an exception to the minimum racing day
22 requirements of subsections C and D of this section.

23 F. The minimum racing day requirements of subsections C and D of
24 this section shall be computed by adding all racing days, including any
25 county fair racing days operated in accordance with section 5-110,
26 subsection F, allotted to the permittee's racetrack enclosure in one or
27 more racing permits.

28 G. Simulcast signals or teletracking of simulcast signals does not
29 prohibit live racing or teletracking of that live racing in any county at
30 any time.

31 H. Except as provided in subsection J of this section, section
32 5-101.01, subsection F and title 13, chapter 33, any person within a
33 racetrack enclosure or an additional facility authorized for wagering
34 pursuant to section 5-111, subsection A may wager on the results of a race
35 televised to the facility pursuant to section 5-111, subsection A by
36 contributing to a pari-mutuel pool operated as provided by this article.

37 I. Except as provided in this article and in title 13, chapter 33,
38 all forms of wagering or betting on the results of a race, including
39 buying, selling, cashing, exchanging or acquiring a financial interest in
40 pari-mutuel tickets, except by operation of law, whether the race is
41 conducted in this state or elsewhere, are illegal.

42 J. A permittee shall not knowingly permit a person who is under
43 twenty-one years of age to be a patron of the pari-mutuel system of
44 wagering.

1 K. Except as provided in title 13, chapter 33, any person who
2 violates this article with respect to any wagering or betting, whether the
3 race is conducted in or outside this state, is guilty of a class 6 felony.

4 L. Simulcasting may only be authorized for the same type of racing
5 authorized by a permittee's live racing permit.

6 M. In addition to pari-mutuel wagering otherwise authorized by this
7 chapter, a commercial live-racing permittee ~~or a commercial dog racing~~
8 ~~permittee that conducted live dog racing in 2016~~ may conduct advance
9 deposit wagering as approved by the commission. The commission also may
10 allow advance deposit wagering by an advance deposit wagering provider if
11 a racing authority in the state where the advance deposit wagering
12 provider is located approves the advance deposit wagering provider and,
13 for horse racing, if the advance deposit wagering provider annually
14 secures the approval of the commercial live horse racing permittees in a
15 county where the advance deposit wagering provider or commercial
16 live-racing permittee accepts advance deposit wagers for horse racing and
17 of the organization that represents the majority of owners and trainers at
18 each of the commercial live horse racing enclosures in each county. An
19 advance deposit wagering provider that the commission approves shall pay
20 source market fees on wagers placed on horse racing from this state to
21 commercial live horse racing permittees in this state. The advance
22 deposit wagering provider shall divide the source market fees on horse
23 racing wagers on the basis of the proportion of the permittees' total live
24 and simulcast handle during the previous year ~~and the advance deposit~~
25 ~~wagering provider shall pay source market fees on wagers on dog racing~~
26 ~~from the county in which the live or simulcast racing is conducted to the~~
27 ~~commercial live racing permittee in that county. The advance deposit~~
28 ~~wagering provider shall divide the source market fees on dog racing from~~
29 ~~wagering in any other county as provided in a written agreement that is~~
30 ~~submitted to the department between all commercial dog racing permittees.~~

31 N. The commission may issue a permit to authorize an advance
32 deposit wagering provider to accept advance deposit wagering on racing
33 from persons in this state. The procedures for the approval of the permit
34 must be similar to the procedures for the approval of racing permits under
35 this article, subject to the following requirements:

36 1. The commission shall issue an advance deposit wagering permit
37 only if the state agency that regulates racing in the state where the
38 advance deposit wagering provider is located approves the permittee or
39 provider to conduct advance deposit wagering.

40 2. An advance deposit wagering provider may accept advance deposit
41 pari-mutuel wagers from natural persons in this state on racing conducted
42 by a commercial live-racing permittee in this state or on racing conducted
43 outside this state if the commercial live-racing permittee in this state
44 at a racetrack enclosure in a county where live horse ~~or live dog~~ racing
45 has been conducted for a period of at least forty days per year for at

1 least twelve consecutive years beginning after 1992 or at a new racetrack
2 enclosure in the same county that replaced the previously existing
3 racetrack enclosure on which advance deposit wagering is accepted or that
4 conducts a racing program with the same type of racing on which the
5 advance deposit wagering is accepted enters into an agreement with the
6 advance deposit wagering provider providing for the payment of a source
7 market fee that is agreed to by the commercial live-racing permittee on
8 all advance deposit wagering.

9 3. An advance deposit wagering provider shall pay source market
10 fees in an amount that is agreed to by the commercial live-racing
11 permittee on all advance deposit wagering by persons in this state on the
12 same type of racing the commercial live-racing permittee conducts. Source
13 market fees from wagers by persons in this state through an advance
14 deposit wagering provider shall be allocated as provided in paragraph ~~7~~ 6
15 of this subsection to a commercial live horse racing permittee at a
16 racetrack enclosure in a county where live horse racing has been conducted
17 for a period of at least forty days per year for at least twelve
18 consecutive years beginning after 1992 or at a new racetrack enclosure in
19 the same county that replaced the previously existing racetrack enclosure
20 during the period of time that the commercial live-racing permittee
21 conducts a racing program. ~~Source market fees for dog racing from~~
22 ~~wagering through the advance deposit wagering provider from persons~~
23 ~~wagering in a county shall be allocated as provided in paragraph 7 of this~~
24 ~~subsection to a commercial dog racing permittee at a racetrack enclosure~~
25 ~~in a county where live dog racing had been conducted in 2016 or had been~~
26 ~~conducted for a period of at least forty days per year for at least twelve~~
27 ~~consecutive years beginning after 1992 or at a new racetrack enclosure in~~
28 ~~the same county that replaced the previously existing racetrack~~
29 ~~enclosure. Source market fees from wagers by persons in this state in all~~
30 ~~other counties for pari-mutuel wagering on dog racing through an advance~~
31 ~~deposit wagering provider shall be allocated as provided in paragraph 7 of~~
32 ~~this subsection.~~

33 ~~4. Advance deposit wagering agreements that are executed between~~
34 ~~permittees in this state must contain the same or substantially equivalent~~
35 ~~terms and conditions, including provisions for revenue sharing, as the~~
36 ~~terms and conditions contained in simulcasting agreements that are~~
37 ~~executed between those same permittees in order to accept advance deposit~~
38 ~~wagering on horse racing from a county with a commercial dog racing~~
39 ~~permittee.~~

40 ~~5.~~ 4. The advance wagering provider shall transmit daily a
41 percentage determined by the department of the gross revenues generated by
42 advance deposit wagers to the department for deposit in the racing
43 regulation fund established by section 5-113.01.

1 ~~6.~~ 5. The advance deposit wagering provider shall file the consent
2 provided for in this subsection with the commission, and the consent is
3 valid for a period of at least one year.

4 ~~7.~~ 6. The source market fees are allocated, after deductions, as
5 provided for in section 5-111, subsection C for horse racing for any fees
6 or payments to the state, county and city for taxes or other fees, in the
7 same manner as the proceeds of simulcast pari-mutuel wagering as provided
8 in section 5-111, subsection C for horse racing. From the source market
9 fees from advance deposit wagering on horse racing allocated for purses as
10 provided in section 5-111, subsection C, five percent is paid to the
11 department for deposit in the Arizona breeders' award fund account for
12 distributions for Arizona bred horses as provided in section 5-114.

13 O. The owner of the advance deposit wagering account may make an
14 advance deposit pari-mutuel wager only by telephone.

15 P. Only the advance deposit wagering provider may make an advance
16 deposit wager, pursuant to wagering instructions the owner of the monies
17 issues by telephone. The advance deposit wagering provider shall ensure
18 the identification of the owner of the account by using methods and
19 technologies approved by the commission. Any advance deposit wagering
20 provider that accepts wagering instructions on races that are conducted in
21 this state, or accepts wagering instructions originating in this state,
22 shall provide a daily report that contains a full accounting and
23 verification of the source of the wagers made, including the postal zip
24 code of the source of the wagers and all pari-mutuel data, in a form and
25 manner that is approved by the commission. All reasonable costs
26 associated with the creation, provision and transfer of the data is the
27 responsibility of the advance deposit wagering provider.

28 Q. Any person other than a permittee or any advance deposit
29 wagering provider who is approved by the commission under this article and
30 who accepts a wager or who bets on the results of a race, whether the race
31 is conducted in or outside this state, including buying, selling, cashing,
32 exchanging or acquiring a financial interest in a pari-mutuel ticket from
33 a person in this state outside of a racing enclosure or an additional
34 wagering facility that is approved by the commission and that is located
35 in this state is guilty of a class 6 felony.

36 R. Pursuant to section 13-108, a pari-mutuel wager or a bet placed
37 or made by a person in this state is deemed for all purposes to occur in
38 this state.

39 S. The department and the attorney general shall enforce
40 subsections Q and R of this section and shall submit an annual report that
41 summarizes these enforcement activities to the governor, the speaker of
42 the house of representatives and the president of the senate. The
43 department and the attorney general shall provide a copy of this report to
44 the secretary of state.

1 T. Each commercial live-racing permittee in this state shall enter
2 into an agreement that complies with this subsection. Simulcasts that
3 originate from a racetrack enclosure that conducts live racing in this
4 state shall be offered to each commercial live-racing permittee in this
5 state and additional wagering facility in this state. Each simulcast
6 agreement executed pursuant to this subsection is subject to approval by
7 the commission. The commission shall approve the simulcast agreement if
8 the commission determines that the agreement is reasonable and complies
9 with the requirements of this subsection. A permittee may not engage in
10 any anticompetitive or deceptive practice in offering to send the
11 permittee's simulcast to another commercial live-racing permittee or
12 additional wagering facility in this state. For the purposes of this
13 subsection, an anticompetitive or deceptive practice includes any of the
14 following:

15 1. Any agreement to charge excessive or unreasonable fees for the
16 right to receive the simulcasts. In determining whether a fee is
17 excessive or unreasonable, the commission shall consider prevailing rates
18 paid for comparable simulcast signals in the past, prevailing rates paid
19 outside this state and whether any commonality of ownership or revenue
20 sharing exists, partially or wholly, between the permittee in this state
21 and the entity that receives the simulcast fee.

22 2. Any agreement, combination, trust or joint enterprise with any
23 other racetrack or entity in which multiple simulcast signals are bundled
24 together for the purpose of securing an excessive or unreasonable fee for
25 one or more simulcast signals in the group in exchange for the right to
26 receive any of the signals in that group.

27 3. Any other activity with the purpose or effect of artificially
28 inflating prices beyond reasonable market rates.

29 U. Any simulcast of live racing into this state that originates
30 from outside this state shall comply with this subsection. The simulcast
31 must be offered to each commercial live-racing permittee in this state and
32 additional wagering facility in this state. Each simulcast agreement
33 executed pursuant to this subsection is subject to approval by the
34 commission. The commission shall approve the simulcast agreement if the
35 commission determines that the agreement is reasonable and complies with
36 the requirements of this subsection. A provider of simulcasts originating
37 from outside ~~of~~ this state may not engage in any anticompetitive or
38 deceptive practice in offering to contract for the privilege to send any
39 interstate simulcast to a commercial live-racing permittee or additional
40 wagering facility in this state. For the purposes of this subsection, an
41 anticompetitive or deceptive practice includes any of the following:

42 1. Any agreement to charge excessive or unreasonable fees for the
43 right to receive the interstate simulcasts. In determining whether a fee
44 is excessive or unreasonable, the commission shall consider prevailing
45 rates paid for comparable simulcast signals in the past, prevailing rates

1 paid outside this state and whether any commonality of ownership or
2 revenue sharing exists, partially or wholly, between the permittee in this
3 state and the entity receiving the simulcast fee.

4 2. Any agreement, combination, trust or joint enterprise with any
5 other racetrack or entity in which multiple interstate signals are bundled
6 together for the purpose of securing an excessive or unreasonable fee for
7 one or more simulcast signals in the group in exchange for the right to
8 receive any of the signals in that group.

9 3. Any other activity with the purpose or effect of artificially
10 inflating prices beyond reasonable market rates.

11 Sec. 9. Section 5-113, Arizona Revised Statutes, is amended to
12 read:

13 5-113. Disposition of revenues and monies; funds; committee

14 A. All revenues derived from permittees, permits and licenses as
15 provided by this article shall be deposited, pursuant to sections 35-146
16 and 35-147, in the racing regulation fund established by section 5-113.01.
17 The commission shall further allocate all monies deposited in the Arizona
18 breeders' award fund pursuant to this subsection to support incentives as
19 authorized by subsection F of this section for thoroughbred and quarter
20 horse breeds only.

21 B. The Arizona county fairs racing betterment fund is established
22 under the jurisdiction of the department. The department shall distribute
23 monies from the fund to the county fair association or county fair racing
24 association of each county conducting a county fair racing meeting in a
25 proportion that the department deems necessary for the promotion and
26 betterment of county fair racing meetings. All expenditures from the fund
27 shall be made on claims approved by the department. In order to be
28 eligible for distributions from the fund, a county fair association must
29 provide the department with an annual certification in the form required
30 by the department supporting expenditures made from the fund. Balances
31 remaining in the fund at the end of a fiscal year do not revert to the
32 state general fund.

33 C. The county fairs livestock and agriculture promotion fund is
34 established under the control of the governor and shall be used for the
35 purpose of promoting the livestock and agricultural resources of the state
36 and for the purpose of conducting an annual Arizona national livestock
37 fair by the Arizona exposition and state fair board to further promote
38 livestock resources. The direct expenses less receipts of the livestock
39 fair shall be paid from this fund, but this payment shall not exceed
40 thirty percent of the receipts of the fund for the preceding fiscal year.
41 Balances remaining in the fund at the end of a fiscal year do not revert
42 to the state general fund. All expenditures from the fund shall be made
43 on claims approved by the governor, as recommended by the livestock and
44 agriculture committee, for the promotion and betterment of the livestock
45 and agricultural resources of this state. The livestock and agriculture

committee is established and shall be composed of the following members, at least three of whom are from counties that have a population of less than five hundred thousand persons, appointed by the governor:

1. Three members representing county fairs.
2. One member representing Arizona livestock fairs.
3. One member representing the university of Arizona college of agriculture.
4. One member representing the livestock industry.
5. One member representing the farming industry.
6. One member representing the governor's office.
7. One member representing the Arizona state fair conducted by the Arizona exposition and state fair board.
8. One member representing the general public.

D. The governor shall appoint a chairman from the members. Terms of members shall be four years.

E. Members of the committee are not eligible to receive compensation but are eligible to receive reimbursement for expenses pursuant to title 38, chapter 4, article 2.

F. The Arizona breeders' award fund is established under the jurisdiction of the department. The department shall distribute monies from the fund to the breeder, or the breeder's heirs, devisees or successors, of every winning horse ~~or greyhound~~ foaled ~~or whelped~~ in this state, as ~~defined~~ **PRESCRIBED** by section 5-114, in a manner and in an amount established by rules of the commission to protect the integrity of the racing industry and promote, improve and advance the quality of race horse ~~and greyhound~~ breeding within this state. The department may contract with a breeders' association to provide data, statistics and other information necessary to enable the department to carry out the purposes of this subsection. ~~Persons who are not eligible to be licensed under section 5-107.01 or persons who have been refused licenses under section 5-108 are not eligible to participate in the Arizona greyhound breeders' award fund.~~ Balances remaining in the fund at the end of a fiscal year do not revert to the state general fund. For the purposes of this subsection, "breeder" means the owner or lessee of the dam of the animal at the time the animal was foaled ~~or whelped~~.

G. The Arizona stallion award fund is established under the jurisdiction of the department to promote, improve and advance the quality of stallions in this state. The department shall distribute monies from the fund to the owner or lessee, or the owner's or lessee's heirs, devisees or successors, of every Arizona stallion whose certified Arizona bred offspring, as prescribed in section 5-114, finishes first, second or third in an eligible race in this state. The department may contract with a breeders' association to provide data, statistics and other information necessary to enable the department to carry out the purposes of this subsection. Balances remaining in the fund at the end of a fiscal year do

not revert to the state general fund. The commission shall adopt rules pursuant to title 41, chapter 6 to carry out the purposes of this subsection. The rules shall prescribe at a minimum:

1. The manner and procedure for distribution from the fund, including eligibility requirements for owners and lessees.

2. Subject to availability of monies in the fund, the amount to be awarded.

3. The requirements for a stallion registered with the jockey club, Lexington, Kentucky or with the American quarter horse association, Amarillo, Texas to be certified as an Arizona stallion.

4. The types and requirements of races for which an award may be made.

H. The retired racehorse adoption fund is established. The department shall administer the fund. All revenues derived from retired racehorse adoption surcharges collected pursuant to section 5-104, subsection G shall be deposited, pursuant to sections 35-146 and 35-147, in the fund. The fund also consists of any monies contributed to the fund by a nonprofit organization pursuant to subsection K of this section. The department shall distribute monies from the fund to provide financial assistance to nonprofit enterprises approved by the commission to promote the adoption of retired racehorses pursuant to section 5-104, subsection G in a manner and in an amount established by rules of the commission. Balances remaining in the fund at the end of a fiscal year do not revert to the state general fund.

I. The county fair racing fund is established. The department shall administer the fund. Monies in the fund are continuously appropriated. The department shall use fund monies for the administration of county fair racing. Any monies remaining unspent in the fund at the end of the fiscal year in excess of \$75,000 shall revert to the state general fund.

J. The agricultural consulting and training trust fund is established for the exclusive purpose of implementing, continuing and supporting the agricultural consulting and training program established ~~by~~ PURSUANT TO section 3-109.01. The director of the Arizona department of agriculture shall administer the trust fund as trustee. The state treasurer shall accept, separately account for and hold in trust any monies deposited in the state treasury, which are considered to be trust monies as defined in section 35-310 and which shall not be commingled with any other monies in the state treasury except for investment purposes. On notice from the director, the state treasurer shall invest and divest any trust fund monies deposited in the state treasury as provided by sections 35-313 and 35-314.03, and monies earned from investment shall be credited to the trust fund. The beneficiary of the trust is the agricultural consulting and training program established ~~by~~ PURSUANT TO section

1 3-109.01. Surplus monies, including balances remaining in the trust fund
 2 at the end of a fiscal year, do not revert to the state general fund.

3 K. One percent of the in-state handle, none of which shall come
 4 from the amount paid to bettors, shall be allocated to the department on a
 5 monthly basis for distribution to a nonprofit organization that represents
 6 a majority of the horse breeders in this state, that maintains a financial
 7 bond and that has previously contracted with the department to provide
 8 data, statistics and other information. The nonprofit organization that
 9 receives monies pursuant to this subsection shall establish a separate
 10 fund for the receipt of these monies that shall be designated as the
 11 Arizona horse breeders' fund. The nonprofit organization shall add monies
 12 to purses and provide purse awards for the Arizona bred horses that finish
 13 in first, second or third place in races held in this state, provide
 14 awards to the breeders, owners or lessees or the breeders', owners' or
 15 lessees' heirs, devisees or successors, of the dams and sires whose
 16 certified Arizona bred offspring finish in first, second or third place in
 17 races held in this state and contribute not more than \$25,000 of these
 18 monies each year to the retired racehorse adoption fund established by
 19 subsection H of this section. The nonprofit organization may spend a
 20 portion of these monies for administrative costs. For the purposes of
 21 this subsection, the breeder of a thoroughbred horse shall be considered
 22 the owner of the broodmare at the time that the foal is dropped. The
 23 nonprofit organization shall submit an annual report to the governor, the
 24 president of the senate and the speaker of the house of representatives
 25 that provides a detailed summary of the monies distributed pursuant to
 26 this subsection, including the amount spent for administrative costs. The
 27 nonprofit organization shall provide a copy of this report to the
 28 commission and the secretary of state. For the purposes of this
 29 subsection, "in-state handle" means the total amount of monies contributed
 30 on live races in this state to all pari-mutuel pools by bettors plus the
 31 total amount of monies contributed by bettors in this state on simulcast
 32 races that originate outside this state.

33 Sec. 10. Section 5-115, Arizona Revised Statutes, is amended to
 34 read:

35 5-115. Violation; classification; civil penalties

36 A. At any racing meeting conducted under this article, a person is
 37 guilty of a class 4 felony, if the person:

38 1. Knowingly influences or has any understanding or connivance with
 39 any official, owner, jockey, trainer, groom, starter, assistant starter or
 40 other person associated with a stable, kennel or race in which any horse
 41 ~~or dog~~ participates to predetermine the result of a race.

42 2. Knowingly gives or offers a bribe in any form to any official,
 43 owner, trainer, jockey, driver or groom, starter or assistant starter or
 44 any other person licensed by the department or accepts or solicits a bribe
 45 in any form.

3. Knowingly has in the person's possession or in use, while riding or driving in any horse race, any mechanical or electric device capable of affecting a horse's performance other than an ordinary whip.

4. Knowingly commits any other corrupt or fraudulent practice in relation to racing that affects or may affect the result of a race.

5. For the purpose of selling or offering to sell predictions on horse races, ~~OR~~ harness races ~~or dog races~~, advertises that ~~he~~ THE PERSON has predicted the outcome of any race that has been run in this state, unless the person has notified in writing the department or a representative of the department of ~~his~~ THE PERSON'S predictions at least three hours before the race involved on forms prescribed by the department. A person shall not advertise the fact that ~~he~~ THE PERSON has notified the department or use the name of the department in any way whatsoever to promote the activities described in this section. For the purposes of this paragraph, "advertise" means the use of any newspaper, magazine or other publication, book, notice, circular, pamphlet, letter, handbill, tip sheet, poster, bill, sign, placard, card, label, tag window display, store sign, radio or television announcement, or other means or methods now or hereafter employed to bring to the attention of the public information concerning the outcome of horse ~~or dog~~ races. ~~Nothing contained in~~ This paragraph ~~applies~~ DOES NOT APPLY to any daily newspaper of general circulation that is regularly entered in the United States mail, or any other daily publication carrying complete past performances of horses ~~or dogs~~ entered in races, or to any regularly published magazine or periodical devoted to racing news, that has been published for at least two years.

B. It is a class 4 felony for:

1. A trainer or owner to enter a horse in a race if the trainer or owner knows that the horse is drugged or desensitized and that the racing performance of the animal is affected.

2. A person to perform the drugging or desensitizing of a horse if the person knows that the horse will compete in a race while so drugged or desensitized and knows that the racing performance of the animal is affected.

3. A person to intentionally fail to notify a steward as soon as reasonably possible that a horse entered in a race is drugged or desensitized or that a horse was not properly made available for the required tests or inspections and knows that the racing performance of the animal may be affected.

4. A person to intentionally impair or alter the normal performance of a pari-mutuel wagering system with the intent to defraud or injure the state or a permittee. Alteration of the normal performance of a pari-mutuel system includes:

(a) Altering, changing or interfering with any equipment or device used in connection with pari-mutuel wagering.

(b) Causing any false, inaccurate, delayed or unauthorized data, impulse or signal to be fed into, transmitted over, registered in or displayed on any equipment or device used in connection with pari-mutuel wagering.

5. A person to impair or alter the normal operation of simulcast broadcasts by intentionally doing any of the following with the intent to defraud or injure ~~the~~ THIS state or a permittee:

(a) Intercepting or decoding a transmission of a simulcast signal, either in whole or in part, which has been authorized in writing for the use of pari-mutuel wagering and that the director has not provided written authorization for the person to receive or decode.

(b) Without written authorization from the director, manufacturing, distributing or selling a device, a plan or a kit for a device capable of intercepting or decoding a transmission of a simulcast signal with the intent that the device, plan or kit be used for interception or decoding.

(c) Without written authorization from the director, possessing a device, a plan or a kit for a device capable of intercepting or decoding a transmission of a simulcast signal with the intent that the device, plan or kit be used for the interception or decoding.

C. The department, in addition to any criminal penalties provided in this chapter and in addition to suspension or revocation of a credential or a license, may levy a civil penalty as to a licensee or a holder of a credential as follows:

1. In an amount of not more than ~~five thousand dollars~~ \$5,000 for each violation of ~~any provision of~~ subsection A of this section.

2. In an amount of not more than ~~two thousand five hundred dollars~~ \$2,500 for each violation of ~~any provision of~~ this chapter that constitutes grounds for suspension or revocation of a credential or license, except for violation of those provisions contained in subsection A of this section. All sums paid to the department pursuant to this subsection shall be deposited, pursuant to sections 35-146 and 35-147, in the state general fund.

D. Any person who holds or conducts any racing meeting or operates an additional wagering facility without first complying with ~~the provisions of~~ this article, or any person who fails to submit to a drug test as directed by stewards or who violates any other provision of this article for which no other penalty is prescribed, is guilty of a class 2 misdemeanor.

E. A member of the commission or an employee of the department who at any time, directly or indirectly, knowingly receives any money, bribe, tip or other thing of value or service from any person connected with racing given with an intent to influence the member's or employee's official action, or any person connected with racing who, directly or indirectly, knowingly gives money, a bribe, a tip or any other thing of value or service to a member of the commission or an employee of the

department with intent to influence the member's or employee's official action, is guilty of a class 4 felony.

~~F. A person who knowingly removes or alters, either directly or indirectly, any tattoo, other marking, device, coloration or special characteristic that is required by the department for the purpose of identifying a greyhound used or bred for racing purposes or a person who knowingly subjects a greyhound used or bred for racing purposes regulated under this chapter to grossly inhumane conditions or severe mistreatment is guilty of a class 6 felony. For the purposes of this subsection:~~

~~1. "Grossly inhumane conditions" means conditions arising from a person's reckless indifference to the consequences of an act or omission if the person, without any actual intent to injure, is aware from the person's knowledge of existing circumstances and conditions that the person's conduct will inevitably or probably result in injury to a greyhound used or bred for racing purposes.~~

~~2. "Severe mistreatment" means the infliction of physical pain, suffering or death on a greyhound used or bred for racing purposes in a manner that is either wanton or with reckless indifference to pain or suffering.~~

Sec. 11. Section 5-116, Arizona Revised Statutes, is amended to read:

5-116. Prohibition of automatic teller machine or point-of-sale terminal that accepts electronic benefit transfer cards on premises; penalties; violation; classification

A. It is unlawful for a permittee, licensee or facility for commercial horse racing ~~or dog racing~~ THAT IS licensed pursuant to this title to operate on the licensed premises an automatic teller machine or a point-of-sale terminal that accepts electronic benefit transfer cards issued pursuant to title 46, chapter 2, article 5 or that processes electronic benefit transfer card transactions.

B. ~~On or before February 1, 2014,~~ A permittee, licensee or facility for commercial horse racing ~~or dog racing~~ THAT IS licensed pursuant to this title shall disable the ability of every automatic teller machine and point-of-sale terminal operated on the premises to accept ~~the~~ AN electronic benefit transfer card or process an electronic benefit transfer card transaction.

C. Failure to comply with this section is a license violation subject to licensing action. The commission shall ensure compliance with the requirements of this section and enforce the continued prohibition on the use of electronic benefit transfer cards.

D. A person who violates subsection A of this section is guilty of a class 1 misdemeanor.

1 Sec. 12. Section 43-405, Arizona Revised Statutes, is amended to
2 read:

3 43-405. Extension of withholding to gambling winnings

4 A. For the purposes of this title, payments of prize winnings that
5 are subject to federal withholding pursuant to section 1441 or section
6 3402(q) of the internal revenue code by any of the following shall be
7 treated as if they were payments of wages by an employer to employees for
8 a payroll period:

9 1. The Arizona state lottery commission under title 5, chapter 5.1.

10 2. A permittee conducting horse ~~or dog~~ racing under title 5,
11 chapter 1.

12 3. A fantasy sports contest operator under title 5, chapter 10.

13 4. An event wagering operator under title 5, chapter 11.

14 B. The entities listed in subsection A of this section shall deduct
15 and withhold from each payment of prize winnings made to an individual an
16 amount equal to twenty percent of the amount withheld pursuant to section
17 1441 or section 3402(q) of the internal revenue code and pay that amount
18 to the department pursuant to this article.

19 Sec. 13. Section 46-297, Arizona Revised Statutes, is amended to
20 read:

21 46-297. Electronic benefit transfers; prohibitions;
22 penalties; violation; classification; definitions

23 A. A head of household who receives cash assistance pursuant to
24 this article, or on behalf of another person, and any person authorized by
25 the head of household shall not conduct an electronic benefit transfer
26 card transaction at any of the following:

27 1. A liquor store.

28 2. A commercial horse racing ~~or dog racing~~ facility as defined in
29 section 5-101.

30 3. A casino, gambling casino or gaming establishment or a gaming
31 facility located on Indian lands pursuant to section 5-601.02.

32 4. An adult oriented entertainment establishment.

33 5. A medical marijuana dispensary.

34 B. In addition to the restrictions prescribed in subsection A of
35 this section, a head of household who receives cash assistance pursuant to
36 this article, or on behalf of another person, and any person authorized by
37 the head of household may not use an electronic benefit transfer card to
38 purchase lottery tickets.

39 C. It is unlawful for an adult oriented entertainment establishment
40 to operate on the licensed or permitted premises an automatic teller
41 machine or a point-of-sale terminal that accepts electronic benefit
42 transfer cards issued under this title or that processes electronic
43 benefit transfer card transactions. A violation of this subsection is a
44 license violation.

1 D. The department shall notify electronic benefit transfer card
2 recipients of the restrictions prescribed in this section.

3 E. A person who violates subsection A, B or C of this section is
4 guilty of a class 1 misdemeanor.

5 F. For the purposes of this section:

6 1. "Adult oriented entertainment establishment" means an
7 entertainment business at which performers disrobe or perform in an
8 unclothed state.

9 2. Casino, gambling casino and gaming establishment do not include
10 either of the following:

11 (a) A grocery store that sells groceries, including staple foods,
12 and that is located in the same building or complex as a casino, gambling
13 casino or gaming establishment.

14 (b) Any other business that offers gambling or gaming activities
15 incidental to the principal purpose of the business.

16 3. "Electronic benefit transfer card transaction" means the use of
17 a credit or debit card service, automated teller machine or point-of-sale
18 terminal or access to an online system for the withdrawal of cash
19 assistance provided pursuant to this article or for the processing of a
20 payment for merchandise or a service from cash assistance provided
21 pursuant to this article.

22 4. "Liquor" means the following substances as defined in section
23 4-101:

24 (a) Beer.

25 (b) Wine.

26 (c) Distilled spirits.

27 (d) Spirituous liquor.

28 5. "Liquor store" means:

29 (a) A retail establishment that exclusively or primarily sells
30 liquor, but does not include a grocery store that sells both liquor and
31 groceries, including staple foods.

32 (b) An on-sale retailer as defined in section 4-101 if the on-sale
33 retailer sells liquor in the original container for consumption off
34 premises.

35 6. "Staple food" means food in any of the following categories
36 except accessory food items such as coffee, tea, cocoa, carbonated and
37 uncarbonated drinks, candy, condiments and spices:

38 (a) Meat, poultry or fish.

39 (b) Bread or cereals.

40 (c) Vegetables or fruits.

41 (d) Dairy products.

42 Sec. 14. Commercial dog racing permittees; new permittees;
43 expansion; prohibition

44 On or before December 31, 2028, the Arizona racing commission may
45 not approve, grant or issue a new commercial dog racing permittee the

1 right to simulcast dog races in this state and may not approve or grant
2 any expansion of existing simulcast dog races in this state.

3 Sec. 15. Commercial dog racing permittees; simulcasts;
4 discontinuation

5 On and after December 31, 2028, the Arizona racing commission shall
6 no longer approve or grant a commercial dog racing permittee the right to
7 simulcast dog races in this state.

8 Sec. 16. Effective date

9 Sections 5-101, 5-107, 5-108.01 and 5-109.01, Arizona Revised
10 Statutes, as amended by this act, the repeal of section 5-110, Arizona
11 Revised Statutes, as amended by Laws 2021, chapter 405, section 1, section
12 5-110, Arizona Revised Statutes, as amended by Laws 2016, chapter 246,
13 section 2 and this act, and sections 5-111.01, 5-112, 5-113, 5-115, 5-116,
14 43-405 and 46-297, Arizona Revised Statutes, as amended by this act, are
15 effective from and after December 31, 2028.